



Brotherhood  
of St Laurence

Working for an Australia free of poverty

# Investing in our future

Opportunities for the Australian Government  
to boost youth employment

Brotherhood of St Laurence

June 2014

## About the Brotherhood of St Laurence

Established in the 1930s, the Brotherhood is an independent, non-government organisation with strong community links that works to build social and economic participation. Based in Melbourne, but with a national profile, the Brotherhood continues to work for an Australia free of poverty and social exclusion. Through a combination of innovative direct service delivery and research, we aim to bring a fresh perspective to issues of poverty and disadvantage. This paper draws on our research, policy analysis and experience of working with young people who experience disadvantage in the labour market. Recent innovations include:

- The *Youth Transitions Program* which operates in unemployment hotspots in growth corridors of Melbourne. It focuses on developing job skills and work experience, providing tailored career advice and planning, coaching and introductions to employers looking for new recruits. The program then provides six months of support to young people as they move into work, and to their employers
- *Work and Learning Centres* which assist public housing tenants and other clients of social services, many of whom experience long-term unemployment. Funded by the Victorian Government and operating in five locations across Victoria, the Work and Learning Centres partner with business and community agencies to place people into local jobs. The Centres provide job seekers with careers guidance, job-readiness training, personal coaching and support to address wellbeing issues not available through Job Services Australia agencies
- Establishment of *Education First Youth Foyers* in TAFE Institutes in partnership with Hanover Welfare Services and the Victorian Government, to enable young people experiencing homelessness to continue their education and move into work
- Delivery of the *Youth Connections* program in the Frankston and Mornington Peninsula region to connect young people to school or further study
- The *Given the Chance Program* delivered by the Brotherhood's Group Training Organisation, partnering with ANZ to develop customised pre-employment training, employer preparation and supported work placements, with a focus on providing employment pathways for refugees
- Delivery to learners experiencing disadvantage of accredited and non-accredited training programs, incorporating work experience and job search support through the Brotherhood's Registered Training Organisation
- *Community based Victoria Certificate of Applied Learning (VCAL)*, which provides a flexible learning option for students in years 10 to 12, for whom mainstream school is not suitable

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## Introduction

An enduring insight I have gained working with disadvantaged young people at the Brotherhood of St Laurence is that they aspire to a mainstream life – to be able to work, to have a decent place to live and to some sense of family. They know as well as any of us that the best way to build a good life for themselves is by having a job.

But as our youth unemployment rate has continued to grow since the global financial crisis, these aspirations are becoming harder to achieve for too many of our young people. There are now more than a quarter of a million young Australians aged 15 to 24 who are unemployed. Less than half of them receive a Centrelink allowance. Alarming, more than 50,000 of our unemployed young people have been jobless for more than a year and find themselves defined as long-term unemployed.

Lying behind this data is the reality that whilst our modern dynamic economy offers many opportunities, moving from school to work for the 60 per cent who don't go on to university is much more problematic than it has been in previous decades. This is because in the shift to a knowledge and service based economy, employers increasingly place a premium on education, skills and work experience.

In this environment, the simple reality is that many of our school leavers are ill-equipped to land their first job. We need to support them to acquire the skills, work experience and qualifications that the modern economy requires.

No one argues that this situation does not demand urgent policy attention. The issue is just this: what needs to be done?

This policy paper puts forward a range of very practical things that we can do. With major national policy and program areas that impact on youth employment currently in flux, it focuses on opportunities available to the Australian Government to boost youth employment. The paper doesn't call for big spending. Rather, it points to possibilities to re-deploy existing resources, to re-orient existing programs, and to demonstrate leadership in the creation of opportunities for young people.

The recommendations are grounded in the elements that we know, from our research and our practice, work best to get young people into jobs.

I acknowledge, with thanks, the invaluable advice received from a wide-ranging group of critical friends from employers and employer organisations, academia, unions and the community sector that helped to inform and shape this paper.



Tony Nicholson  
Executive Director  
Brotherhood of St Laurence

## **Recommendations: Opportunities for the Australian Government to boost youth employment**

### **Assist young people to build their job readiness**

1. Establish a national Youth Transitions Service to enable young people who are unemployed to become work-ready and connect with employment opportunities. It will be underpinned by strong partnerships with employers, and be responsive to local labour market needs. This service would operate at minimal cost to the budget by making better use of funding available through the vocational education and training system and redeploying resources from the national Job Services Australia network.
2. Tailor the implementation of Work for the Dole and the Green Army to provide a stepping stone into ongoing mainstream employment for young people experiencing disadvantage in the labour market.

### **Lift school outcomes for our most disadvantaged young people**

3. Intensify efforts to raise educational outcomes by establishing a COAG target for 90 per cent of young people from low socioeconomic backgrounds to complete Year 12.
4. Work with the states and territories to establish a system to immediately identify, and engage support for, those who leave school prematurely.
5. Work with the states and territories to overhaul the delivery of VET in Schools so that it provides an effective pathway into higher-level vocational study or work.

### **Reform the training system to better prepare young people for work**

6. Lift the performance of the vocational education and training system by:
  - a) Weighting funding for training providers more heavily towards course completion rather than commencement, to lift training completion rates.
  - b) Providing public training subsidies only to vocational training courses that include work experience.
  - c) Specifying the minimum hours of face-to-face training delivery for vocational qualifications (as distinct from online delivery) to ensure learners can develop and demonstrate their competence.
  - d) Accrediting and funding specialist providers of foundation-level qualifications to deliver the support that is critical to assisting early school leavers and other disadvantaged learners move into higher level study and work.

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7. Assist young people to break the cycle of homelessness and disadvantage by opening a network of Youth Foyers in TAFE Institutes across Australia that focus on education, training and skills development.

### **Stimulate the availability of entry-level opportunities for young people**

8. Establish a youth-specific wage subsidy program targeted at 19 to 24-year-olds that prepares young people for work and supports employers to develop the skills of the young person. It could be funded by a redesign of existing wage subsidy programs and through sharing the Job Commitment Bonus between a young person and their employer.
9. Arrest the decline in apprenticeships and traineeships by:
  - a) Expanding opportunities for businesses to take on young people without carrying the employment risk. This will require stronger support for the ongoing sustainability of Group Training Organisations, which facilitate this employment model.
  - b) Creating incentives for employers to hire young people as apprentices and trainees in areas of skills shortage and priority occupation areas.
10. Establish a dedicated trainee and apprenticeship scheme in the Australian public sector to ensure that entry-level opportunities are available in government departments and agencies for young people who experience disadvantage in the labour market.
11. Require contractors undertaking publicly-funded projects of substantial size to provide structured employment and training opportunities for young people.

### **Harness the efforts of business, governments and communities to tackle youth unemployment**

12. Trial a collective impact approach to harness community-wide efforts to address youth unemployment in ten areas of socioeconomic disadvantage.
13. Establish a Ministerial Taskforce on Youth Employment that reports to Cabinet, to drive a whole-of-government approach to boosting youth employment. The taskforce would be charged with the responsibility of developing and coordinating delivery of a Youth Employment Action Plan, in consultation with business, unions and the community sector.

## Section 1: Overview

The Australian economy has changed. While the modern economy offers great opportunities, it also comes with significant risks. Securing that first step on the job ladder has become much harder. The current labour market is a tough environment for young people. Those seeking full-time work are confronted with a decreasing number of entry-level opportunities, and high competition for available jobs. The premium placed on education and skills is rising. Employers are increasingly looking to recruit workers who are already qualified, skilled and experienced. We are facing a significant mismatch between the needs of employers, and the skills and capacities of the young people who are looking for work. Personal networks have also become increasingly important: who you know helps open the doors to employment.

High levels of youth unemployment are having devastating impacts on young people, the broader community and the Australian economy. A growing number of young people are in danger of being locked out of stable employment for the long term. They are at risk of being left out and left behind.

- Youth unemployment is almost three times the rate of unemployment for those aged 25 and over
- More than one in three unemployed Australians are under 25 years old – 261,989 young people<sup>1</sup>
- Youth unemployment is as high as 20 per cent in some locations across Australia<sup>2</sup>

The cost for young people who cannot get a foothold in the workforce can be immense. The longer a young person is unemployed, the harder it is for them to move into work. Some will face extended reliance on income-support payments and other social services, suffer from poorer health, or become marginalised from their communities.

The strengths, talents and potential that unemployed young people can contribute to our economy and broader community are in danger of being wasted. Young people represent a vital opportunity to strengthen our productive capacity at a time when, with an ageing population, the proportion of people of working age is in decline. We need to build their skills and equip them to drive our economic future. We cannot afford to leave large numbers of young people at the margins of the labour market, where they represent an avoidable dollar cost to public services and cannot contribute to national growth.

***I'm really tired of being at home. It's every day you don't feel normal. It's shocking.***

**'Jo', aged 21, in the Brotherhood's Youth Transitions Program**

It is the Brotherhood's experience that young people who are unemployed want to take control of their future and build a good life. They understand that to do this, they need a steady job. Too often they end up frustrated by the knock backs they receive and lose heart, but with timely and targeted supports they have the capacity to thrive and build a strong future.

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We acknowledge the various efforts of governments, businesses and the community to support young people as they move from school into further study, work and independence. Despite these efforts, youth unemployment has grown. It has risen more sharply than unemployment for those aged over 25 years, indicating that our young people are becoming increasingly uncompetitive in the labour market. This has intensified both the challenge of boosting youth employment and the urgency for more effective action.

Reducing youth unemployment is undeniably a complex issue, with no single solution. A range of different approaches is required, as is effective coordination and concentration of the efforts of governments, business and community. Strong employment growth is critical to the future prospects of our young people. The Brotherhood does not pretend to have expertise in macro-economic management. We are, however, acutely aware of the need for growth to go hand-in-hand with reducing inequality, and of the imperative to build a productive economy that drives prosperity for all. This means that as well as stimulating job growth, we need a comprehensive approach that ensures that young people are work-ready, helps build their skills and qualifications, and forges the connections with employers that are needed to find and retain employment. We also need to assist employers to provide structured opportunities, so that young people can secure a job that will enable them to develop their skills and build their future.

While this approach is vital to all young people, our chief concern is those who are most at risk of long-term unemployment. These are: early school leavers; those who do not have the experience, qualifications or skills required in the Australian labour market; newly-arrived young people; and those living on the urban fringe or in regional or remote locations with poor transport links. These groups experience the greatest disadvantage in the labour market, even in stronger economic times. There are also a growing number of young people who, despite finishing Year 12, are finding it increasingly challenging to get a foothold in the labour market.

***One in four 15 to 19-year-olds fear that they will not have access to sufficient training and jobs in their local community when they finish high school.***

**Mission Australia Youth Survey 2013**

The Brotherhood has developed a range of recommendations for action within the Australian Government's sphere of influence that we believe would have a positive impact on the employment prospects of our young people.

The recommendations have been designed to complement and improve both existing labour market programs and upcoming initiatives. In the current constrained budgetary environment, there is still considerable opportunity to redeploy existing resources, remove duplication and redesign programs to achieve better employment outcomes with little additional investment. A number of program and policy areas critical to youth employment are undergoing change or are currently under review. Significantly, contracts for the current employment services system, which is not working well for young unemployed people, lapse in mid-2015. This provides an important opportunity for us to rethink, and take a different approach.

In this prosperous country, a job has always been the passport to build a better life. High youth unemployment should be of deep concern to policy-makers and the broader community. We can do more to put our young people on the path to employment. If we invest in young people now, harness their ambitions, and develop their capacities, we will save in the long term.

## Section 2: The issues

### High youth unemployment and underemployment

The unemployment rate for young people is unacceptably high and is forecast to further increase. Youth unemployment shot up during the global financial crisis and has not recovered. Teenage unemployment has trended upwards from 13.2 per cent in January 2008 to 17.7 per cent in April 2014. For 20–24 year olds, unemployment has risen from 6.1 per cent in January 2008 to 9.7 per cent in April 2014.<sup>3</sup>

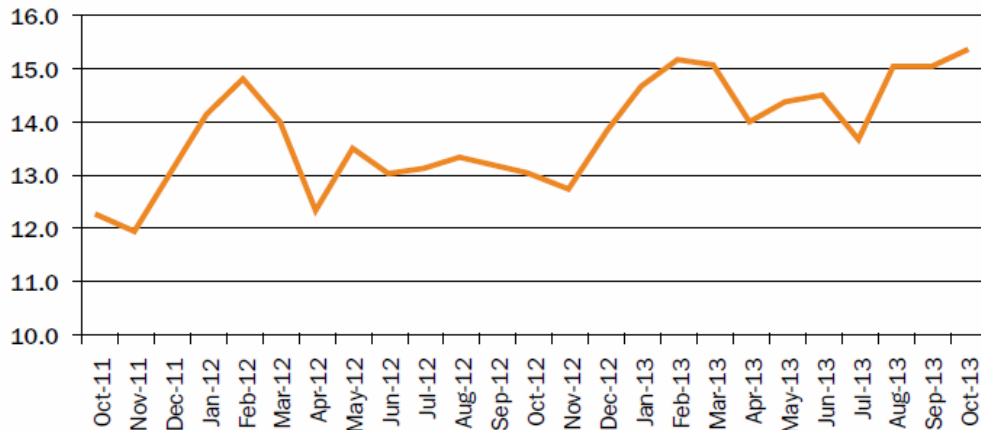
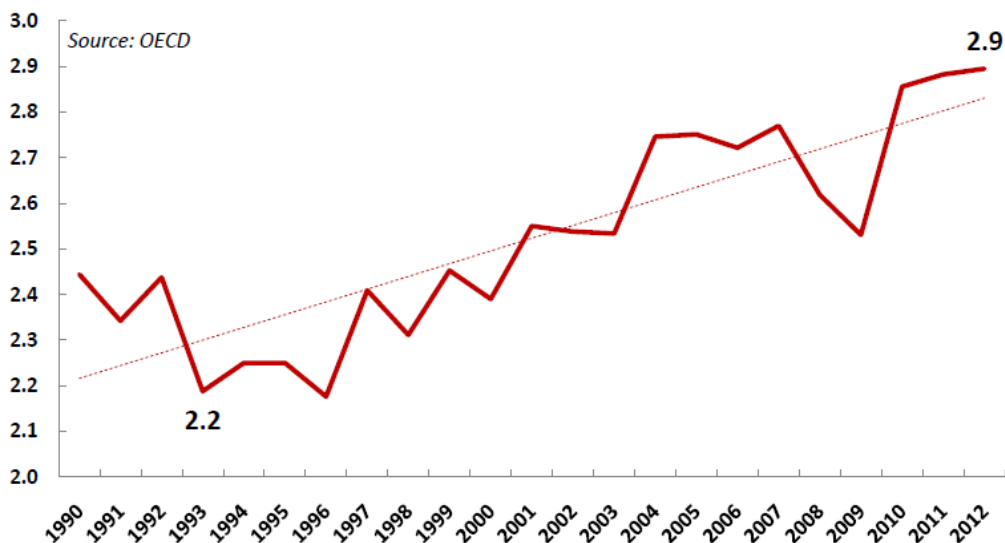


Figure 2: Rate of 15-24 year old youth unemployed (Australia)  
 (Source: ABS Labour Force, October 2013, Cat. No. 6202.0. From Department of Parliamentary Services: Labour Stats 101: Youth Unemployment, 5 December 2013)

Young people are experiencing unemployment at almost three times the rate of those aged over 25 years, up from around twice the rate in earlier years:

### Youth to adult unemployment ratio



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The number of young people experiencing long-term unemployment has tripled since 2008. In April 2014, more than 50,500 young people had been on the unemployment treadmill for more than a year—nearly 19 per cent of unemployed young people.<sup>4</sup>

Underemployment is also growing. In April 2014, the underemployment rate for 15 to 24-year-olds was 14.9 per cent.<sup>5</sup> Over a quarter of employed 15 to 24-year-olds report that they want more hours of work or more regular patterns of work.<sup>6</sup>

## The rise of casual, part-time and temporary work

The entry-level job opportunities available to young people are increasingly casual, temporary or part-time.

Workers in these roles are less likely to have access to training and development opportunities, they may receive no paid leave entitlements, their tenure can be precarious and their work patterns irregular. They are also more vulnerable to job losses. While these jobs can provide a stepping stone to more permanent employment, this is much more likely for those young people who are combining work and study.

Since 1990 we have seen a steep rise in the proportion of young people who are solely engaged in part-time work (i.e. are not studying at the same time): from one in ten in 1990 to nearly one in four in 2012. In 1990, two-thirds of teenagers who had left full-time education held a full-time job. Now, less than half do.<sup>7</sup> Recent estimates are that 27.3 per cent of young people are not fully engaged in employment, education or training, up from 23.7 per cent in 2008. For young people from low socioeconomic backgrounds, 41.7 per cent are not fully engaged.<sup>8</sup>

***Young people with no or low levels of qualifications frequently find themselves in precarious, low-paid roles that provide little or no opportunity for career progression. They are on a career traveller, not a career escalator.***

**Dina Bowman, Brotherhood of St Laurence (2014)**

The majority of job placements made through Job Service Australia agencies are for short-term, casual and seasonal work, which makes it challenging for young people to remain in steady employment or stay off income support.<sup>9</sup>

## Rising youth inactivity – the invisible unemployed

There are a growing number of young people who can be described as the ‘invisible unemployed’: they are not studying, not in work and not looking for a job. They do not show up in our unemployment figures and are not receiving income support or welfare benefits. While the Learn or Earn approach has focussed young people on the importance of acquiring knowledge and skills, its implementation may be contributing to the increasing number of young people who are disengaging altogether.<sup>10</sup> Frustrated by the system’s increasing complexity and its lack of responsiveness to their individual circumstances, it appears some young people are essentially giving up and opting out.

Using June 2012 data, it is estimated that around 30,000 young people under the age of 20 may fall into this group. Their absence from the labour market cannot be readily explained by other factors.<sup>11</sup> There will be longer-term social and economic consequences if these hard-to-reach young people cannot be re-engaged.

## The changing labour market: the importance of post-school qualifications

Earlier generations of young people could walk into a job without finishing school. Today it is much harder to do so. Technological change has resulted in the disappearance of many entry-level jobs that existed a generation ago in the banking, government and services sectors. Increasingly, these sectors require tertiary qualifications. Traditionally male-dominated occupations such as manufacturing and agriculture that have typically been taken up by early school leavers and members of newly-arrived communities have also steadily declined over the past 30 years. In the early 1980s, three-quarters of unskilled men had full-time jobs; today fewer than 60 per cent do.<sup>12</sup>

### ***Growth of low-skilled jobs will effectively flat-line.***

***Commonwealth of Australia, Skills for all Australians (2012)***

There is an increasing emphasis on qualifications as a prerequisite for work, and a growing demand for higher skills. It is predicted that 70 per cent of the new jobs created by 2017 will require at least a Certificate III qualification, with more than half requiring a diploma-level qualification or higher.<sup>13</sup>

Many of these new jobs will be in traditionally female-dominated occupations such as community and personal care work. There are a number of factors driving growth in the care and social assistance occupations: the National Disability Insurance Scheme, Australia's ageing population and the growing demand for childcare as well as community and home-based care services. Strong growth over the next five years is also forecast in retail trade, construction, accommodation and food services.<sup>14</sup>

Around 60 per cent of young people will not achieve a university qualification. They are reliant on the Vocational Education and Training (VET) system as the main avenue for gaining recognised vocational qualifications. Those who leave the school system without functional levels of literacy, numeracy or English language also rely on the VET system to build their foundation skills so that they can move into further study or work.

Despite significant investment in vocational education by governments around Australia, the system is providing poor value for money. Course completion rates are low and training is not providing strong pathways into work for young people experiencing barriers to employment. The move to a demand-led system is proving fraught with risks for young learners.

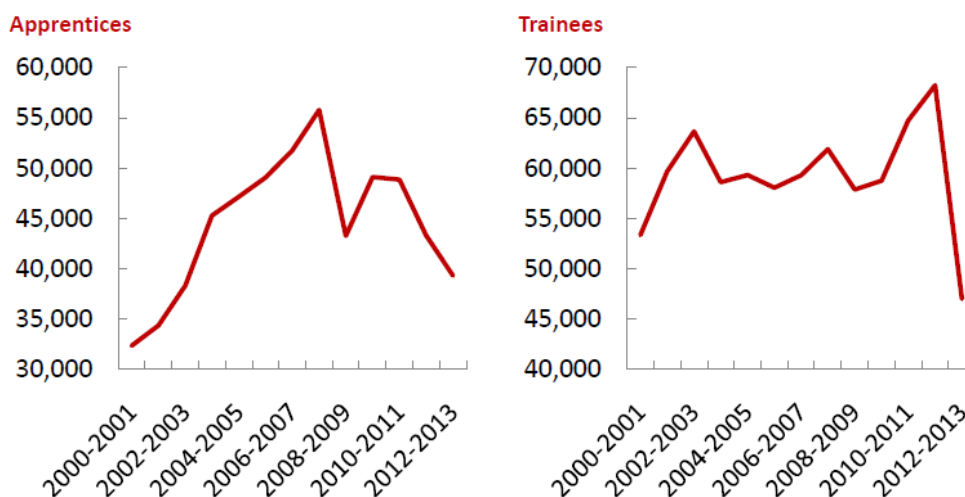
High youth unemployment rates translate into strong competition for available roles. This can fuel a de facto rise in minimum qualification requirements. For example, retail sales and food services industries continue to be big employers of people under 25 years old, but in this tight job market positions are increasingly filled by those with higher qualifications, skills and experience, and by tertiary students combining part-time work and study.

## Declining apprenticeship and traineeship opportunities for young people

Apprenticeships and traineeships provide one of the few opportunities to combine paid work and structured training (both on and off the job) as part of a recognised qualification. They provide an effective pathway to a secure future in the labour force. Apprenticeships are critical to building the skills needed in our future workforce.

Apprenticeships and traineeships have traditionally been the domain of young people, but this is changing. The decline in the number of young people commencing apprenticeships has coincided with an increase in the number of adult commencements. The average age of apprentices and trainees is rising, with 48 per cent now being over 25 years old.<sup>15</sup>

### Apprenticeship and traineeship commencements have fallen for those under 20



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The volume of apprenticeship and traineeship opportunities is declining: commencements are the lowest they have been in a decade. In the 12 months to 30 September 2013, commencements fell by over 26 per cent.<sup>16</sup>

Opportunities for employment have largely disappeared from the public sector, which historically employed the majority of apprentices. The tendency of larger businesses to use subcontractors has also impacted on the availability of opportunities. As such, there is an increasing reliance on small- and medium-sized businesses to employ apprentices and trainees.

### Employers look for experience and work readiness when they recruit

In workplace surveys, employers routinely rank work experience as one of the most important attributes when recruiting staff.<sup>17</sup> They are reluctant to interview young people without relevant experience, but there are few available opportunities for young people to acquire it. While there are some promising work experience programs for school students, opportunities for those who have left school are severely limited.

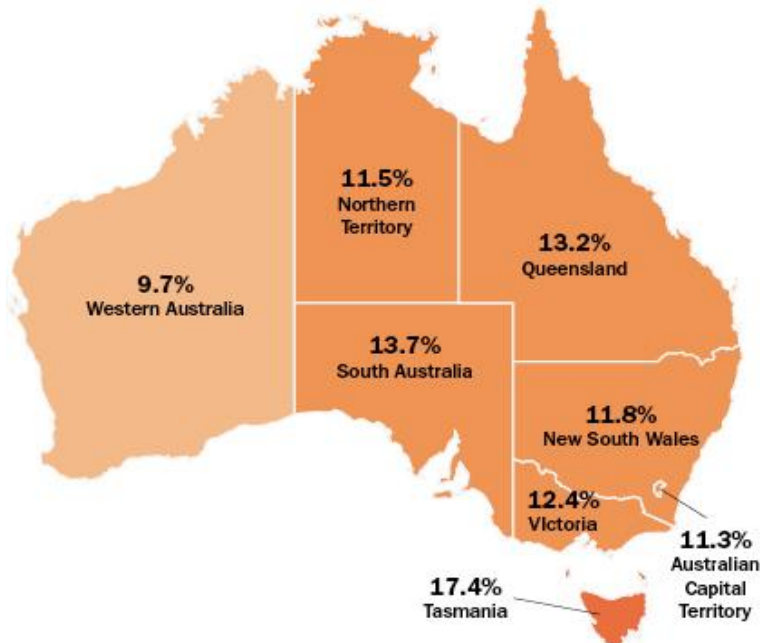
***Our CEOs are deeply concerned about youth unemployment, but even more so because many young people applying for jobs, or who are new to the workforce, don't appear to have the right skills or capacity.***

**Catherine Livingstone, President  
Business Council of Australia (2014)**

Surveys also reveal a perception by some employers that young people might not be work-ready. Employers are looking for staff with strong personal skills like initiative, motivation, good communication and an ability to fit into the workplace.<sup>18</sup> Young job seekers have to overcome the negative preconceptions of some employers that they lack commitment, a good work ethic and skills.<sup>19</sup>

## Location matters

### The youth unemployment map of Australia 2014



Certain locations and communities are linked to lower levels of labour force participation, lower skill levels, lower levels of educational attainment and higher unemployment rates. Youth unemployment is significant and notably worse in regional and remote communities, in the urban growth corridors of our major cities and in areas dealing with the aftermath of economic structural readjustment—particularly those communities losing their manufacturing industries. Youth unemployment is as high as 21 per cent in some parts of Tasmania, 16 per cent in southern Brisbane and nearing 20 per cent in parts of Adelaide.

There are dramatic variations in proximity and transport access to available jobs, even within the same city. This significantly impacts the employment prospects of young people living in our growing outer-suburban communities, which is further exacerbated by young people's overwhelming reliance on public transport. Surveys of employers indicate that a key reason for not taking on young job seekers is the lack of driver's licence or personal vehicle.

***There are sizeable areas of our largest cities where less than 10, 20 or 30 per cent of jobs can be accessed within a reasonable travelling time. There are suburbs in Melbourne, Brisbane and Perth where the share of jobs that can be accessed within 60 minutes by public transport fall below 1 per cent.***

***Grattan Institute, Productive cities (2013)***

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## The importance of networks: who you know helps

Social networks play a huge role in influencing employment opportunities. Who you know will help open doors to paid work and also to unpaid work experience. Many vacancies are not advertised, but filled through personal networks. Consequently, a young person's employment prospects are directly affected by the nature and extent of their social networks. Young people with limited networks struggle in the competition for jobs.

***29 per cent of businesses who hire young people do so through existing employees, colleagues and friends and word of mouth.***

**Mission Australia's  
Survey of Employers (2013)**

## Section 3: The consequences of youth unemployment

The economic costs of high youth unemployment to our economy are undeniable. The personal costs of unemployment for a young person can be devastating. While unemployment will be a transitory experience for some young people, the longer its duration, the harder it is to move into work. Unemployment and job rejection quickly erode confidence and motivation, entrenching detachment from the labour market.

***Underutilisation rate of young people (unemployed + underemployed) = 27.9 per cent of capacity of the youth labour force***  
**Australian Bureau of Statistics (2014)**

Early experiences of unemployment have lasting effects, leading to reduced future earnings and poorer work prospects. The consequences of limited education and prolonged bouts of unemployment can escalate across the life course, resulting in poorer physical and mental health and an increased likelihood of becoming entangled in the criminal justice system. Unemployment can also result in declining social networks and an increasingly restricted social life.

A Brotherhood analysis<sup>20</sup> of the Household Income and Labour Dynamic Australia (HILDA) data compares outcomes of young people who had been out of work and out of education at some stage when they were between 15 and 20 years old, with those who hadn't. Once they reached 25–30 years of age, the former group were:

- Four and a half times more likely to be out of work—resulting in loss of earnings for the individual and the costs of income support payments and forgone tax revenue for government.
- Two and a half times less likely to have completed Year 12—resulting in lower earning potential for the individual, and lower tax revenues for government.
- Twice as likely to describe themselves as having poor general health—resulting in negative quality-of-life impacts and escalating costs to the health system.

These findings are consistent with similar UK research,<sup>21</sup> which found that young people in comparable circumstance were four times more likely to be out of work, five times more likely to have a criminal record, six times less likely to have qualifications and three times more likely to suffer from depression.

## Section 4: Action the Australian Government can take

The Brotherhood has developed a set of national recommendations for action to help young people find and sustain work. The recommendations are organised around the following key enablers:

- Assisting young people who are unemployed to build their job readiness
- Lifting school outcomes for our most disadvantaged young people
- Reforming the training system so that it better prepares young people for work
- Stimulating the availability of entry-level opportunities for young people
- Harnessing the efforts of business, governments and communities to tackle youth unemployment.

### Assist young people to build their job readiness

Australia urgently needs a new approach to assist unemployed young people build their qualifications, skills and experience to obtain a job in the dynamic modern economy. Research demonstrates that effective job-readiness programs incorporate targeted skills development, hands-on experience in real workplaces, individual coaching, careers advice that is matched to individual aspirations and labour market opportunities, and job search skills. However, our existing employment services are not equipped to provide young people with these critical elements of support.

#### Recommendation 1

Establish a national Youth Transitions Service to enable young people who are unemployed to become work-ready and connect with employment opportunities. It will be underpinned by strong partnerships with employers, and be responsive to local labour market needs. This service would operate at minimal cost to the budget by making better use of funding available through the vocational education and training system and redeploying resources from the national Job Services Australia network.

The current employment services system is failing to offer young people the support they need to find and sustain work. Less than a third of all disadvantaged job seekers<sup>22</sup> find employment, and nearly a third of these end up back in the employment services system within six months.<sup>23</sup>

Problems include:

- A lack of individualised careers advice and planning. Consequently young people are dropping out of, or being churned through, poorly-matched training which does not lead to employment.
- Limited opportunities for work experience. Job seekers are not supported into work experience until they have been registered with their Job Services provider for at least twelve months.
- A lack of personalised coaching and support. High caseloads of more than 80 job seekers prevent Job Services staff from actively addressing the particular barriers to employment that a young person may face.

***Jobs Australia members believe that the national Job Services Network lacks capacity to provide the intensive support needed by highly disadvantaged and disengaged young people to prepare for work.***

***Jobs Australia Policy on Youth Transitions Report (2014)***

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- Delayed support. A jobseeker normally receives individual case management only after being unemployed for more than six months, by which time the odds of successfully transitioning into work are significantly reduced.

The Brotherhood recommends the establishment of a national Youth Transitions Service to provide a more effective response to the needs of young people aged between 17 and 24 years who are seeking work.

The proposed service would operate with minimal cost to the budget by bringing together funding already available through the vocational education and training system (around 44 per cent of the total funding of the proposed service) and redeploying existing resources from the national Job Services Australia network after existing contracts expire in mid-2015. This new approach would better utilise existing resources, and significantly improve job outcomes for young people and, in turn, the Australian economy.

The Youth Transitions Service would deliver a structured program based on clear expectations of participation, including mutual obligation responsibilities for young people receiving government income support.

The service would require strong partnerships with local employers to provide young people with exposure to the world of work and connect them to employment opportunities. It would broker relationships between job seekers and employers and be responsive to local labour market needs. It would harness local altruism, community effort and skills, and link young people with volunteer mentors. Close

***Every business person understands the need to give young people exposure to work. It's the responsibility of business to do that.***

**Graeme Wise  
CEO and Chairperson, The Body Shop (2014)**

connections with local services (such as mental health services) would foster a shared approach aimed at maximising a young person's engagement with training and work.

Using a preventative approach, the Youth Transitions Service would intervene before there is prolonged separation from the labour market. A suite of services would be available including: careers guidance and support to navigate the vocational education system, work 'tasters', supported work experience, coaching, mentoring, support to find and retain employment and connections with other labour market programs. The service would be flexible enough to offer different elements based on the assessed needs of the young person. Some may only require careers advice and work experience; others will need more substantial foundation skills development. Job seekers who need more intensive assistance would be able to participate in a structured 13-week program to build their job-readiness and establish relationships with local employers.

Strong local and international evidence has informed the design of the proposed Youth Transitions Service. Its key features are outlined in the following table:

<b>How the Youth Transitions Service will prepare young people for work</b>	
<b>Taking rapid action</b>	<ul style="list-style-type: none"> <li>• Active engagement in employment preparation and placement on becoming unemployed</li> </ul>
<b>Careers and vocational guidance</b>	<ul style="list-style-type: none"> <li>• Realistic career advice and guidance which responds to local labour market conditions</li> <li>• Informed decisions about the vocational education system to avoid the trap of being churned through mismatched training courses that do not lead to employment</li> </ul>
<b>A plan for action</b>	<ul style="list-style-type: none"> <li>• Individual learning and employment action plans with concrete actions and responsibilities for the young person to meet</li> </ul>
<b>Coaching</b>	<ul style="list-style-type: none"> <li>• Coaching by trained staff to support and develop a young person's employability</li> <li>• Addressing young people's barriers and perceived impediments to work</li> </ul>
<b>Providing work 'tasters'</b>	<ul style="list-style-type: none"> <li>• A roster of workplace visits</li> <li>• Learning from those already in work</li> <li>• Identifying interests and skills</li> <li>• Learning about what employers want from their workers</li> </ul>
<b>Building employability and vocational skills</b>	<ul style="list-style-type: none"> <li>• Training programs to develop job readiness and the skills needed to identify, secure and retain a job</li> <li>• Foundation skills including literacy, numeracy and IT skills (where needed)</li> <li>• Reinforcing personal skills such as team work, communication, customer and business awareness</li> </ul>
<b>Connecting young people to mentors</b>	<ul style="list-style-type: none"> <li>• Match young people with volunteer mentors, such as the emerging cohort of retired baby boomers, to promote intergenerational exchange</li> <li>• Access to networks and employment opportunities</li> </ul>
<b>Supported work experience</b>	<ul style="list-style-type: none"> <li>• Structured unpaid work experience (tied to accredited training) connected to career goals</li> <li>• Building an understanding of workplace expectations and culture</li> </ul>
<b>Connecting with local employers</b>	<ul style="list-style-type: none"> <li>• Strong connections with local employers about their labour requirements</li> <li>• Gaining local business and labour market knowledge</li> <li>• Work experience, work tasters and employment opportunities</li> <li>• Support for employers to take on young people</li> <li>• Enable young people build their networks into the world of paid work</li> </ul>
<b>Support to find and retain employment</b>	<ul style="list-style-type: none"> <li>• Assistance to find full-time and part-time jobs</li> <li>• Field support and mentoring to help young people retain their job</li> <li>• Entry into further labour market programs if work skills still need to be developed</li> <li>• Use of wage subsidies where appropriate</li> </ul>



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## **The Brotherhood's Youth Transitions Program: connecting young people with jobs**

The OECD recently profiled the Brotherhood's Youth Transitions Program, which has successfully transitioned 70 per cent of participants who complete the program into training, education and work. The program has worked with nearly 300 young people since it commenced in 2010, including early school leavers and other young people facing barriers to employment. Operating in unemployment hotspots in the northern and western growth corridors of Melbourne, the program focuses on the development of employability skills, work experience, 'on the job' learning, individual career advice and planning, coaching, connections to jobs and post-employment support.

### **Kolet's story:**

'I completed my VCE in 2009 and spent a year looking for work, but couldn't find any. I was looking for anything really, even just at a supermarket, but had no luck. So I decided to complete a Certificate II in Business, thinking it would help get me somewhere. After finished this I was offered a 12-month traineeship at the NAB and enjoyed it, but I wasn't asked to stay on.



'I was out of work again, this time for around 18 months. I became so annoyed and frustrated and thought I'd never find any work again. As everyone says, you need experience to become experienced.

'My father saw an advertisement for the Brotherhood of St Laurence's Youth Transitions course and I thought this might be the answer. The advertisement said the Youth Transitions course would show me how to look for work, find it and secure it.

'I really enjoyed the course. I learned many new skills that I could bring to a job interview. It helped me identify the kinds of jobs that would suit me and what I am good at. I did work experience at the Brotherhood's library in Fitzroy. This really helped improve my confidence and made me feel more comfortable about applying for jobs and how I presented myself.

'I received support in finding work and I'm now working at the City of Melbourne as a trainee Children's and Youth Librarian to gain my Certificate IV in Library Information & Cultural Services. Staff from the Brotherhood keep in touch to see if I'm doing OK.'

## Recommendation 2

Tailor the implementation of Work for the Dole and the Green Army to provide a stepping stone into ongoing mainstream employment for young people experiencing disadvantage in the labour market.

Intermediate labour market (ILM) programs offer a bridge to work. They provide temporary paid employment to people who are unlikely to be employed in the open labour market through specially-created jobs that do not displace other workers. ILMs are designed to provide the opportunity for disadvantaged job seekers to gain confidence, build employability skills, address personal issues that operate as a barrier to employment, and obtain work experience.

ILMs have demonstrated stronger employment outcomes than the current Jobs Services Australia system, particularly for highly disadvantaged job seekers.<sup>24</sup> They can deliver ‘job-ready’ individuals with recent and relevant work experience to employers in the open labour market.

There are a number of small-scale ILM initiatives for young people delivered by the community sector in a handful of locations, but nothing with national reach. There is potential for Work for the Dole and the Green Army to operate as ILM initiatives for disadvantaged young job seekers across Australia.

**Work for the Dole:** The Brotherhood has previously expressed concerns about the effectiveness of earlier iterations of Work for the Dole. Research has demonstrated that at times it fell short of successfully developing employability skills or helping participants gain experience or training that is transferable to future employment.<sup>25</sup>

The Australian Government has announced its intention to expand Work for the Dole for young people receiving income support. In its implementation the Brotherhood would like to see priority given to strategies that provide participants with the skills that mainstream employers are looking for and that bring them closer to those employers.

*Work for the Dole will be more successful if combined with structured training to provide the skills needed to stay in the workforce longer.*

*Australian Chamber of Commerce and Industry, Learning to Work (2014)*

**The Green Army:** This program offers young people six months of paid work experience and training in conservation-related work. Program guidelines and funding arrangements have recently been released. It has the potential to provide a valuable intermediate labour market opportunity if, in its implementation, attention is given to the following matters:

- **Require service providers to give priority to the recruitment, retention and training of young people experiencing disadvantage and monitor the extent to which they are being successfully engaged in the program.** Those who are furthest from work most need the opportunity to gain hands-on work experience and build their employability skills.
- **Ensure that service providers can provide (or link into) the support needed by young people experiencing disadvantage to successfully participate.** These young people are likely to require personalised coaching to strengthen employability skills, attention to

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wellbeing issues in partnership with other services, and delivery of training paced to their individual needs.

- **A focus on supporting participants with their next steps** so that they can leverage the skills and experience gained through the program into ongoing mainstream employment or further study.

We note that the national Youth Transitions Service proposed in Recommendation 1 above could complement and support the delivery of Work for the Dole and the Green Army.

## Lift school outcomes for our most disadvantaged young people

There is strong evidence to show that education stands out as the critical factor associated with improving life chances.<sup>26</sup> As we shift to a knowledge-based economy, it becomes increasingly important to a young person's future prospects.<sup>27</sup>

Around one in five young people leave school before completing Year 12.<sup>28</sup> Almost half of these young people find themselves on the margins of the labour force, either in part-time employment or out of work.<sup>29</sup> The Social Exclusion Monitor shows that early school leavers are two and a half times more likely to experience deep social exclusion than those who complete Year 12.<sup>30</sup>

While schooling is often understood as an area of responsibility for state and territory governments, the consequences of limited school attainment are felt nationally through lower productivity, lower tax revenues, higher unemployment and higher demand for social services.

*The gap in educational performance related to socioeconomic backgrounds 'places an unacceptable proportion of 15 year old students at serious risk of not achieving levels sufficient for them to effectively participate in the 21st century workforce and to contribute to Australia as productive citizens'.*

*Thomson et al. (2011) quoted by the Productivity Commission in its Report into deep and persistent disadvantage in Australia*

### Recommendation 3

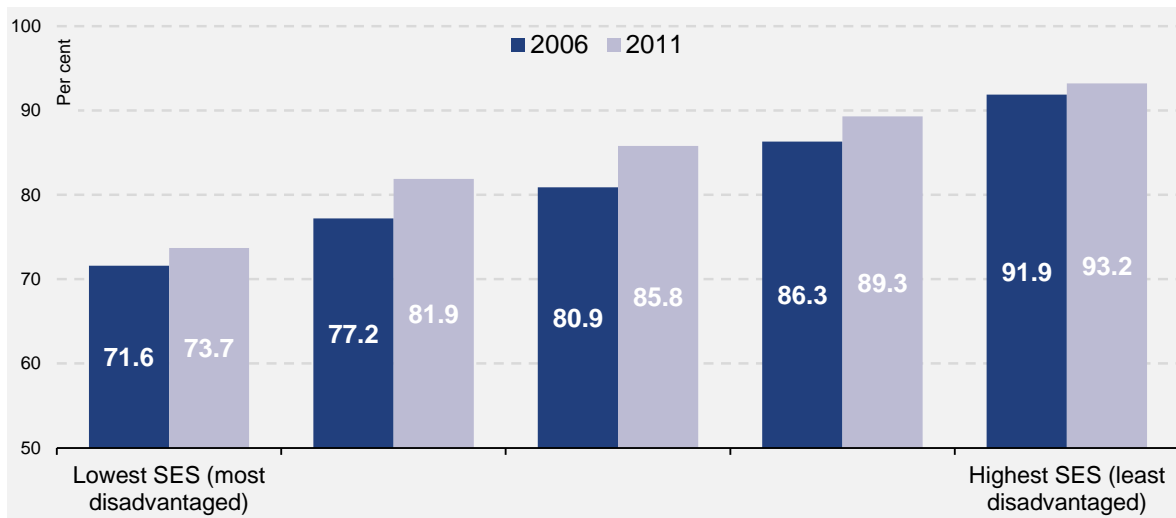
Intensify efforts to raise educational outcomes by establishing a COAG target for 90 per cent of young people from low socioeconomic backgrounds to complete Year 12.

The Council of Australian Governments (COAG) currently has a target of 90 per cent of 20 to 24-year-olds attaining Year 12 or a Certificate II level by 2015, rising to Certificate III by 2020. While there has been an overall improvement in young people's educational outcomes, stark and persistent gaps remain between the outcomes for different groups of young people.

Of particular concern is the educational performance gap for students from low socioeconomic (SES) backgrounds, which widens throughout their schooling.<sup>31</sup> The consequence is that many young people are leaving school without the functional levels of literacy and numeracy needed for work.

- Academic achievement of students from low SES backgrounds in Years 7 and 9 fell between 2006 and 2011.
- There has been no improvement in the proportion of low SES students progressing beyond Year 10 (the last year of compulsory schooling in most parts of Australia) since 2008.
- There is a gap of almost 20 percentage points in the achievement of Year 12 or Certificate II qualifications between students from the lowest and highest socioeconomic groups.<sup>32</sup>
- Recent OECD PISA testing reveals that there is the equivalent of two and half years of schooling separating the performance of our lowest and highest SES students.

**The proportion of 20 – 24 year olds with Year 12 or equivalent or Certificate II or above, by socioeconomic areas, 2006 and 2011**



Source: COAG Reform Council, *Education in Australia: five years of performance* (2013) using data from ABS 2006 and 2011, Census of Population and Housing

We will achieve the biggest return on investment in terms of future labour market productivity by focussing attention on those with the lowest level qualifications and skills. Needs-based funding, including targeted loadings for students facing disadvantage (as part of the new school funding reforms), is a promising development. It is essential that these funding reforms are implemented and sustained over time. They should translate into improved educational outcomes for our most disadvantaged students, and markedly improve their employability and life chances in an economy that is increasingly unforgiving of early school leavers.

To drive and monitor the change that this reform is seeking to achieve, the Brotherhood recommends a national commitment to a target of 90 per cent of young people from low socioeconomic backgrounds completing Year 12.

To ensure this target is meaningful, concerted efforts are needed to put effective strategies in place to lift the learning outcomes of students most in need. We need to see the growth of more flexible Year 12 programs, incorporating strengthened VET in Schools, School-based Apprenticeships and high-quality flexible-learning options for those young people who do not fit into more traditional school settings. We also need to trial, document and scale-up successful approaches.<sup>33</sup>

The Brotherhood does not support the use of Certificate II as an equivalent to Year 12. Certificate II does not carry the weight of Year 12 completion in the labour market, nor does it provide strong general competencies.

**Recommendation 4**

Work with the states and territories to establish a system to immediately identify, and engage support for, those who leave school prematurely.

Tens of thousands of young people leave school, VET courses and flexible learning settings prematurely each year. There are around 50,000 school-aged people in Australia who are not enrolled in school.<sup>34</sup>

The Youth Connections program which re-engages teenagers with learning has been defunded by the Australian Government and will end in December 2014. Youth Connections is in high demand and has been a very effective program. Last year, it worked with over 30,000 teenagers,<sup>35</sup> most of whom were no longer going to school. It will be the first time in over twenty years that Australia has been without a national program to assist young people to return to learning.

*The evidence is clear that where action is taken early, a young person is much more likely to return to study, and go on to future employment.*

The Australian Government explains this on the basis that school re-engagement is a state responsibility. In turn, state governments point to schools as being responsible for student engagement. However, there is nothing in place that makes schools accountable for students who leave early, or for re-engaging school-aged youth living in their catchment who are out of school. Schools are not currently in a position to locate and follow these young people up.

The Brotherhood would prefer to see the continuation of a national program for school re-engagement. However, in the absence of this, it is incumbent on the Australian Government to work with the states and territories to develop a new framework for the delivery of school re-engagement programs. An approach that rapidly identifies and activates re-engagement support for young people who drop out of school without securing their next steps is required. There are some successful domestic<sup>36</sup> and international models. Denmark, Norway and the Netherlands, which have some of the best youth transition outcomes, use local early-intervention safety net services to pick up school dropouts quickly, and construct flexible programs to get them back to learning. Income support is dependent on participation.<sup>37</sup> Without urgent action, Australia will widen the sizeable gap through which early school leavers can fall.

### **Recommendation 5**

Work with the states and territories to overhaul the delivery of VET in Schools so that it provides an effective pathway into higher-level vocational study or work.

The Brotherhood welcomes the current review of VET in Schools by the Assistant Minister for Education, and the commitment by education ministers across Australia to modernise the National Framework for Vocational Education and Training in Schools.

Vocational education is critical for building effective foundations for young people to explore and access careers in technical, trades and other vocational fields. It helps make school relevant and engaging for the majority of young people who are not going onto university. While a national approach is challenging given that the design and delivery of VET in Schools varies across our states and territories, the Brotherhood believe there are key elements that can be applied throughout Australia to drive improved outcomes. Crucially, we need to ensure that young people are equipped to make informed decisions about VET pathways, that they are not leaving school without the functional levels of literacy and numeracy needed for work and life, and that participating in school-based VET does not undermine their future training and employment options.

The Brotherhood recommends that the following reforms be considered in the current VET in Schools review:

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- **Ensure provision of quality careers advice to students, and the opportunity to explore different areas of work before embarking on accredited vocational training, including School-based Apprenticeships.**

Many schools are ill-equipped to provide the necessary careers advice to support effective vocational choices. Consequently, students are frequently engaging in accredited training with little or no understanding of their career options, or of the conditions and type of work required in different industries. This can lead to disillusionment and early drop out.

*Four really good conversations, as part of structured workplace exposure and immersion, is one of the keys to a successful career development program or journey through high school.*

Jan Owen, Foundation for Young Australians (2014)

Careers exploration needs to begin early so that young people can gain an appreciation of the emerging labour market, have the opportunity to learn about and try different career options, and participate in meaningful work experience before committing to accredited vocational training. Young people also need to be given exposure to enterprising skills, and to build their networks and connections into work. A focus on building career management skills is also important so that young people can develop the adaptive capacity to manage their own careers in a changing labour market.

- **Reframe entry and foundation level VET in School courses as general vocational studies that provide a bridge to higher level vocational training.**

A common misconception is that VET in Schools provides a ticket to full-time employment without the need for further education and training. This is generally not the case.<sup>38</sup> The majority of qualifications undertaken through VET in School are at the entry or foundation level (Certificates I and II). These school-based certificates have little currency with employers, and are not what industry is looking for as a direct stepping-stone into work.<sup>39</sup>

There is a compelling case for arranging these entry-level vocational studies into broad industry groupings such as trades, community services, science/environment and business.<sup>40</sup> Students could undertake applied and academic learning related to these broad industry groupings rather than prematurely launching into very specific qualifications linked to narrow employment options. A coherent program of study that included participation in work tasters and work experience, and exploration of higher education options, should be offered. These generalist vocational programs would also support students to build their ‘soft skills’ and develop the functional language, literacy and numeracy skills needed to prepare for higher-level, more specialised vocational studies in their areas of interest. Some industry areas, for example, require strong maths skills. This approach would strengthen the successful transition from vocational studies in school to post-school VET and reduce the risk of students inadvertently cutting themselves out of future training opportunities.

- **Strengthen employer involvement in all aspects of vocational education and training.**

Business involvement in the delivery of vocational education in schools has significant value. It serves the dual purpose of exciting young people about potential job opportunities, which inspires them to stay engaged at school for longer, and assisting local employers meet their future workforce needs. The School Business Community Partnership Brokers Program, which loses its national funding at the end of 2014, generated enormous goodwill and employer

engagement, connecting over 1,600 businesses with schools.<sup>41</sup> It is critical that this good work is not lost, and that this approach is harnessed and expanded.

Programs currently running in limited locations, such as the Worlds of Work (a work taster run by the Foundation for Young Australians) and Work Inspiration (a work experience program run by The Smith Family, the Foundation for Young Australians and NAB) are being delivered through strong employer partnerships. They provide a scalable model for the roll-out of a more widespread approach to engaging employers in helping young people explore their career options.

- **Boost the availability and quality of School-based Apprenticeships.**

The Brotherhood supports the growth of School-based Apprenticeships, which currently comprise around 9 per cent of VET-in-School activity. They enable students to commence training for a vocational qualification and earn a wage while completing their senior secondary certificate. We would like to see School-based Apprenticeships strongly promoted as providing a sound career pathway into a labour market which has fewer and fewer entry-level opportunities for young people. The model can be strengthened by ensuring that young people are equipped to make informed decisions about which trade or traineeship pathway is the best match before committing to it. As outlined above, this should include more generalised vocational studies about trades, and participation in a range of work experience placements. The centrality of the relationship with the employer also needs to be well supported, including through flexible study arrangements.

- **Strengthen accredited qualifications obtained through VET in Schools so that they hold equal weight in the labour market with equivalent VET qualifications.**

It is important that those students who do undertake accredited VET training in schools are not viewed as having a second-rate qualification as this places them at a distinct disadvantage in the labour market.

Many VET in Schools courses do not mandate Structured Workplace Learning placements, and do not provide young people with ‘real world’ work experiences. There is a need to increase the number and quality of work placements in accredited VET in School qualifications, both to build relationships between young people and employers, and to increase industry confidence and investment in an effective VET in Schools program.

- **Training providers and schools need to be equipped to support the learning and wellbeing needs of young people experiencing disadvantage.**

VET in School options are often undertaken by the most disadvantaged young people in the school system. At their worst, they can result in the siphoning of disadvantaged students into discrete educational streams with poor outcomes.<sup>42</sup> It is critical that schools and training providers are able to deliver school-based VET in a way that supports the improved wellbeing of students experiencing disadvantage, and assists them to address barriers to learning and employability.

Models of school partnerships with community groups, employers, parents, non-school providers and other agencies support this work and should be expanded. The School Business Community Partnership Brokers Program (ending 2014) demonstrated a promising approach.



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## Reform the training system to better prepare young people for work

The vocational education and training system is currently being reviewed by the Minister for Industry. Reforms are urgently needed to lift course completion rates and ensure that young people can make informed decisions about training options and pathways, and are able to access quality training linked to real employment prospects.

### Recommendation 6

Lift the performance of the vocational education and training system:

- a) Weight funding for training providers more heavily towards course completion rather than commencement, to lift training completion rates.

VET completion rates of publicly subsidised VET courses are very low. For those under 25 years, completion rates range from a low of 30.9 per cent for Certificate I qualifications to a high of 56.2 per cent for Certificate III qualifications.<sup>43</sup> This represents an appalling waste of scarce public resources. The Brotherhood operates a Registered Training Organisation that specialises in working with learners from disadvantaged backgrounds. We frequently meet young people who have unknowingly exhausted their training subsidies by attending training programs unsuited to their career interests or their capabilities. As a result, they have lost the chance to be supported to acquire qualifications that would be useful for their future careers.

Shifting the weighting of payments more heavily towards series of units completed, and reducing the weighting of payments for units commenced, would help reduce the perverse incentive for providers to enrol people in training to which they are poorly suited. This would also encourage providers to assess capabilities and interests more stringently to ensure they are a good match for the course, and use innovative course delivery to encourage completion.

In moving to this system, flexible timeframes are crucial to enable completion by disadvantaged learners.

*In the UK, where course success rates (which are very similar to completions) have become the focus in quality and funding regimes, success rates have increased from less than 50 per cent to over 75 per cent.*

*Skills Australia, Creating a future direction for Australian vocational education and training (2010)*

- b) Provide public training subsidies only to vocational training courses that include work experience.

Vocational training should be closely linked to labour market needs to provide the skills and experience employers require. However, employers regularly report that applicants are not job-ready despite having completed the requisite qualifications, and the Brotherhood frequently works with people who have vocational qualifications but can still not find work. Better quality training providers offer real work experience placements and support learners to find work, but this is not a mandatory requirement in most vocational courses, nor are there incentives to do so through current funding arrangements.

The Brotherhood's experience has demonstrated that building practical job placements into vocational training programs strengthens learners' job-readiness and improves their employment prospects. It also creates a stronger nexus between employer needs and training content. This

approach requires strong relationships with a network of employers willing to host work experience placements.

We recommend that a minimum of 100 hours of supported work placement be built into relevant vocational training courses to build learners' practical experience.

- c) Specify the minimum hours of face-to-face training delivery for vocational qualifications (as distinct from online delivery) to ensure learners can develop and demonstrate their competence.

There is considerable variation in the quality of training courses delivered across Australia. Some providers rely solely or very heavily on online delivery. While this may be suitable for some qualifications, it is generally not suitable for more disadvantaged learners and offers limited opportunity for trainees to develop and demonstrate the competencies that employers require. The Brotherhood frequently comes across people who have been awarded qualifications from training that has largely, or wholly, been delivered online but who have significant shortfalls in required competencies—such as poor English language or presentation skills—preventing their employment.

There is clear evidence that a blend of face-to-face and online delivery yields the best results for learners, particularly for those experiencing barriers to work.<sup>44</sup> Online delivery alone, with no personal interaction or guidance, is not sufficient. A recent Australian Skills Quality Authority (ASQA) report delivered to the Australian Government noted the limitations of online delivery for white card training in the construction industry and called for both minimum hours of delivery, and face-to-face assessment and verification of learners.<sup>45</sup>

The Brotherhood recommends the specification of a minimum number of hours of face-to-face delivery for vocational courses where complete online delivery is not appropriate.

- d) Accredite and fund specialist providers of foundation-level qualifications to deliver the support that is critical to assisting early school leavers and other disadvantaged learners move into higher level study or work.

Foundation-level qualifications focus on building core skills such as literacy and numeracy, which are critical for employment. Employability skills such as problem-solving, teamwork and digital literacy also form part of these courses. They provide a bridge to higher studies and employment.

Young people undertaking foundation programs are predominately early school leavers, those experiencing learning difficulties, and young people from non-English speaking backgrounds.

Through our own experience in delivering foundation training to young people, the Brotherhood has learnt that it is critical to support young learners to remain engaged, and to assist them into further study and employment. These learners require personalised coaching, flexible paced course delivery, access to supported work experience placements (where appropriate) and vocational guidance so they can make informed decisions about their future.

The Brotherhood recommends specific recognition of training providers capable of delivering quality foundation training through the accreditation system. Such providers would be accountable for their performance against relevant regulatory standards including access and equity,

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maximising participant outcomes and providing support services and training that meet learner needs. The emphasis needs to be squarely on training quality and outcomes.

Adequate funding to enable approved foundational providers to deliver the support needed by disadvantaged learners is critical, but is not provided for under existing funding formulas.

### **Recommendation 7**

Assist young people to break the cycle of homelessness and disadvantage by opening a network of Youth Foyers in TAFE institutes across Australia that focus on education, training and skills development.

Each night around 24,000 young people experience homelessness in Australia. Unless they are able to break out of the cycle of homelessness they are likely to face a future of poverty, dependency on homelessness and other social services, and find themselves in trouble with the criminal justice system.

There is an urgent need to recast the way we tackle youth homelessness. Homelessness services for young people have had a strong focus on their immediate wellbeing needs, but less on their education and employment. We need to intensify the focus on education, training and employment: this can be the game changer for young people experiencing homelessness.

Education First Youth Foyers represent an overdue reform to tackling homelessness. They have a core focus on education and training as a means of breaking the cycle of homelessness and disadvantage. Foyer students live in student accommodation, located on TAFE college campuses. They are supported to access mainstream education, training and employment opportunities. The Foyer model invests in building young people's strengths and capabilities so that they have the resilience and the resources to become active, independent and connected adults. This is important not only for the individual young people involved, but also in preventing long-term welfare dependency.

The Brotherhood, in partnership with Hanover Welfare Services and the Victorian Government, has started piloting Education First Youth Foyers at TAFE colleges in Victoria. Extensive work has been done on the practice framework guiding the operation of these Foyers, and a comprehensive evaluation is taking place. This model is demonstrating a more efficient and effective way of investing in the future of young people experiencing homelessness. Evaluations of comparable Foyers operating in England have demonstrated the cost-effectiveness of this approach with 72 per cent of students in employment or training upon exit.<sup>46</sup>

The need to develop a new national partnership agreement on homelessness following the expiration of the current agreement in June 2015 presents an opportunity to reshape our service system and establish a network of Youth Foyers in TAFE Institutes throughout Australia.

## Stimulate the availability of entry-level opportunities for young people

Australia needs more structured and secure entry-level opportunities to enable young people to get a foothold into work and to build their skills on the job. While we all have a role to play, the Australian Government has the levers to stimulate employment opportunities for young people in both the public and private sectors. It can provide incentives for employers to provide work opportunities, apprenticeships and traineeships for young people. It can demonstrate leadership by opening up more structured entry-level opportunities within the public sector, and use its purchasing power to require major government contractors to do the same.

### Recommendation 8

Establish a youth-specific wage subsidy program targeted at 19 to 24-year-olds that prepares young people for work and supports employers to develop the skills of the young person. It could be funded by a redesign of existing wage subsidy programs and through sharing the Job Commitment Bonus between a young person and their employer.

Wage subsidies can be effective in increasing employment prospects for young people, provided they are tightly targeted and well-designed. Despite our high levels of youth unemployment, there is currently no national, purpose-built wage subsidy scheme targeted at young people. As part of the 2014/15 budget, the Australian Government indicated that wage subsidies will be used as a lever to support young people into work.

While it is currently possible to access general wage subsidy programs, these have not been designed with young people in mind. For example, the Wages Connect program is available to job seekers who have been unemployed for at least two years, yet the evidence demonstrates that the longer a young person is out of work, the harder it is for them to secure a job. The Employment Pathways Fund, which can make subsidies available earlier, has demonstrated promising outcomes,<sup>47</sup> however the rate at which employment continues beyond the subsidised period has not fulfilled expectations.<sup>48</sup>

The Brotherhood recommends establishment of a youth-specific wage subsidy program using a different approach that:

- Links to the Youth Transitions Service (Recommendation 1) to ensure that young people can build their job-readiness before starting their period of subsidised employment (because subsidies cannot mask a skills mismatch).
- Establishes clear expectations about the employment environment provided by employers, including their responsibilities to develop the skills of young workers.
- Supports both the young person and employer during the employment placement to maximise the chances of a continuing employment relationship.
- Targets positions that offer the real prospect of an ongoing role.

***The UK's Future Jobs Fund, which provided wage subsidies for young people who were unemployed, resulted in a net benefit to society of £7,750 per participant, after accounting for a net cost of £3,100 to deliver it.***

***Fishwick, Lane & Gardiner, Future Jobs Fund evaluation (2011)***

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This approach would open up opportunities for young people by lowering barriers to their initial employment. The employer would face reduced labour costs while a young person learns the job and develops their skills.

The program would best be targeted at disadvantaged young job seekers, including those young people who have been unemployed for six months. This would avoid their prolonged separation from the labour market. It would be focused on young people aged over 19, whose wages start to move closer to the adult rate. Those under 19 years already have heavily discounted wages under the existing youth wages system, so would benefit less from a subsidy program.

### Current youth wage rates

For young people living independently without family support, youth wages are very difficult to live on. Nonetheless, the Brotherhood supports the existing youth wage system (provided that current real wage levels are not eroded) because it expands employment opportunities for young people.

Age	% of national minimum wage	Minimum hourly rate
Under 16	36.8	\$6.03
16	47.3	\$7.74
17	57.8	\$9.46
18	68.3	\$11.18
19	82.5	\$13.51
20	97.7	\$16.00

Source: Fair Work Ombudsman 2013

A youth focused wage subsidy and employment program could be funded by:

- Redirecting some of the resources available in mainstream wage subsidy programs. These programs are currently under review by the Assistant Minister for Employment.
- Flexible use of the Job Commitment bonus, by enabling it to be shared between a young person and their employer. The upcoming Job Commitment bonus offers \$2,000 to young people previously unemployed for a year or more, who maintain their employment for 12 months, plus an additional \$4,500 if they maintain employment for two years. Adaptable use of this bonus could open up job opportunities for young people, reward both the young person and employer for their continued relationship and ensure a high level of uptake of the bonus scheme.
- Offsetting savings on the payment of the Newstart or Youth Allowance.

### **Wage subsidies secure the job for Asma**

Asma was 20 years old when she was referred to the Brotherhood's Carlton Work and Learning Centre (WLC) by her Job Services Australia (JSA) provider. She had arrived in Australia four years earlier, without her family. She had been trying hard to get a good job and had done some training in hospitality, but was frightened to get public transport home at night.

With the support of her Work and Learning Advisor, Asma was able to identify her skills and the kind of jobs that might suit her. She was very keen to get into full-time work in a shop or an office.

The Work and Learning Centre was approached by a local chocolate company with a request for hamper packers and shop assistants. Asma agreed this would be a great job to apply for. It was close to transport, the hours were good and she loved chocolate. The WLC team helped Asma prepare her resume, but most importantly provided her with some interview preparation sessions. These were vital as in Asma's culture, looking someone in the eye is considered rude, especially if that person is older. Asma and her Work and Learning Advisor worked on this and the employer was also briefed.

The employer was very pleased with Asma's presentation and attitude, but expressed concerns about her language skills and lack of experience.

The Work and Learning Centre contacted Asma's JSA provider, who agreed to make subsidies available to support her transition into employment. The employer considered the offer of subsidies very carefully, and later came back and agreed to give Asma a go through a work trial, noting that the subsidy made all the difference as he now felt he could give Asma the chance to prove herself with minimal financial risk.

A further wage subsidy was available at 13 and 26 weeks and Asma was taken on full-time. Her employer has been very happy with Asma's work. While she started out packing Hampers, she is now working in their retail outlet.

### **Recommendation 9**

Arrest the decline in apprenticeships and traineeships by:

- a) Expanding opportunities for businesses to take on young people without carrying the employment risk. This will require stronger support for the ongoing sustainability of Group Training Organisations, which facilitate this employment model.

The availability of apprenticeships is reliant on the confidence of employers to make an extended commitment (of up to four years), and is therefore particularly sensitive to the economic environment. Growing the use of Group Training Organisations (GTO) for apprenticeships and trainees would help stabilise apprenticeship availability. GTOs can create job opportunities for young people that would otherwise not be available.

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GTOs offer an alternative model that enables businesses to take on apprentices and trainees without carrying the employment risk. As the legal employer, GTOs take responsibility for recruitment, wages, industrial relations and human resources, Workcover and training requirements. They overwhelmingly work with small and medium sized businesses that are prepared to provide a host workplace, but are unable or reluctant to shoulder the employment and compliance risks associated with hiring apprentices and trainees.

GTOs provide flexibility for apprentices to be rotated between host workplaces in response to varying business needs: over 15 per cent of GTO-employed apprentices are rotated to another host employer annually.<sup>49</sup> Without the GTO, these apprenticeships would have been cancelled, and the young people may have found it challenging to find another employer with whom to complete their training.

GTOs provide the critical components proven to maximise the chances of successful completion of an apprenticeship or traineeship: pre-placement training, matching of the young person and the host employer, placement mentoring and pastoral care, and support for the host employer to provide a safe and supportive environment. GTOs actively employ ‘at risk’ young people who would be unlikely to secure apprenticeships directly with employers, and help to support their successful completion.

Recent decisions by the Australian Government to discontinue the Australian Apprenticeship Access Program (which was aimed at supporting vulnerable young people to prepare for, secure and complete apprenticeships) and the Apprenticeship Mentoring Program will narrow opportunities for apprentices and business who are not using a GTO to access supports.

GTOs also help employers and young people navigate the complexity of the apprenticeship system, including the multiple layers of governments and agencies involved in the regulation, administration, training and provision of related services.

The ongoing financial sustainability of the GTO network is at risk. This risk has been intensified by the decline in apprenticeship and traineeship numbers. Reducing red tape and eliminating duplication between the roles of GTOs and Australian Apprenticeship Centres would put GTOs on a more sustainable footing. This could be achieved by enabling a GTO which employs an apprentice or trainee to perform the functions of an Australian Apprenticeship Centre. This would mean that just *one* organisation would be accountable for, and funded to administer, the apprenticeship, arrange training and provide mentoring or pastoral care. Further, securing ongoing national funding for the Joint Group Training Program is critical to the survival of GTOs and their ability to create more apprenticeship and traineeship opportunities for young people, particularly those from disadvantaged backgrounds.

***GTOs actively support young people experiencing disadvantage who would otherwise struggle to find employment. They collectively represent the largest employer of young Aboriginal and Torres Strait Islander people, and of young people with a disability.***

**Group Training Association of Victoria,  
Budget Statement 2014**

- b) creating incentives for employers to hire young people as apprentices and trainees in areas of skills shortage and priority occupation areas.

The decline in apprenticeship and traineeship opportunities for young people calls for the creation of incentives for employers to hire young apprentices and trainees in skills-shortage and priority-occupation areas.

There are two reasons why it is crucial that we increase the availability of these important entry-level opportunities. First, it will mean that more young people have the opportunity to build solid career foundations. Second, it will help to address our persistent areas of skills shortages by training up our workforce of the future rather than indefinitely relying on the import of temporary labour. There are around 65 trades on our National Skills Needs List including bakers, butchers, carpenters, glaziers, locksmiths and plumbers. Examples of jobs on the Priority Occupation List include cooks, library assistants, bus, tram and train drivers, ICT support workers, and building and plumbing labourers. There is no reason that young people cannot be trained to take on these roles.

The Australian Government currently has an apprenticeship incentive scheme, but there is no additional increment available for hiring a young person who is not participating in a School-based Apprenticeship. Higher incentives should be introduced for apprentices and trainees under 25 years old who are working in skills-shortage and priority-occupation areas. Without an additional incentive for hiring young people, the decline in youth commencements relative to commencements of those aged over 25 years is likely to continue.

A special ‘youth incentive’ would assist in offsetting the higher real costs associated with taking on a young person who is still at the early stages of skill development and who is likely to lack the experience of an older apprentice. It would also help offset gaps in training funding, which have been widening in some jurisdictions following reductions in public training subsidies for some courses. The level of this youth-based incentive should vary according to the duration of the apprenticeship or traineeship – a four-year trade would attract a higher amount than a one-year traineeship.

As part of the quid pro quo of receiving additional incentives, employers should be required to provide a workplace mentor to boost the chances of successful completion.

### **Recommendation 10**

Establish a dedicated trainee and apprenticeship scheme in the Australian public sector to ensure entry-level opportunities are available in government departments and agencies for young people who experience disadvantage in the labour market.

Australian Government departments and agencies take on young trainees from time to time, and many run graduate programs. However, there is no government-wide program to ensure the availability of structured entry-level opportunities for young people without tertiary qualifications to join the public sector.

Establishment of a dedicated traineeship and apprenticeship scheme in the Commonwealth public sector and its associated agencies would expand opportunities for young people from around Australia to access entry-level employment, receive structured training, and attain qualifications across a broad range of occupations. Intentional creation of these entry-level roles, even in a period of public sector downsizing, is critical. They provide a cost-effective way for departments and



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agencies to employ young people who are just starting out, and help build skills needed in local labour markets.

The Youth Employment Scheme in Victoria is a successful model that the Brotherhood would like to see expanded to the Australian public sector and to other governments across Australia.

### **The Youth Employment Scheme (YES)**

The YES encourages the creation of structured training and employment opportunities for young people aged 15 to 24 years in the Victorian public sector. Approximately 450 trainees participate in the scheme each year, and are typically employed for 12 months. In the past three years the program has exceeded its target of recruiting at least 40 per cent of trainees with some form of disadvantage.

Trainees work in a diversity of roles in departments and statutory authorities in cities and regional areas. Trainees have been deployed to assist with significant incidents, such as bushfire recovery, and have been hosted by local governments.

Wage subsidies of up to \$4,500 are available. However, agencies funded under the program must ensure that existing employees do not lose their job as a result of the introduction of a youth trainee.

Over 90 per cent of participants complete their traineeship, with many going on to further employment within the public sector or elsewhere. The YES program satisfaction survey undertaken in 2009 found that 96 per cent of YES trainees reported a high level of satisfaction with the program and indicated that it helped them meet their employment goals. The program was praised for providing an understanding of workplace expectations and how workplaces operate. YES participants placed value on the specific training provided by the program and the personal support and encouragement they received that helped them to build confidence.

### **Recommendation 11**

Require contractors undertaking publicly funded projects of substantial size to provide structured employment and training opportunities for young people.

The Australian Government has considerable purchasing power which could be used to encourage contractors to open up more structured employment opportunities for young people. The Brotherhood recommends that contractors undertaking publicly funded projects of substantial size be required to commit to a plan for the training and employment of young people, including through apprenticeships and traineeships. Recently announced infrastructure projects create a significant opportunity to reap a jobs dividend for young people.

***We strongly encourage the Government to be courageous with the tendering of their services to ensure they recognise both the financial and social benefits to Australia.***

**Transfield Services submission to the Indigenous Employment and Training Review 2013**

The existing Indigenous Opportunity Policy provides a practical illustration of this type of approach. Tenderers for Australian Government contracts worth more than \$5 million (or \$6 million for construction) in regions with significant Aboriginal and Torres Strait Islander populations are required to submit a plan for training and employing Aboriginal and Torres Strait Islander people.

### **Building careers for public housing tenants**

The Brotherhood has demonstrated the value of social procurement through arrangements with the Victorian Department of Human Services where residents of high-rise public housing estates have been trained and employed (for up to 12 months) to provide security and concierge services on inner city high-rise housing estates. As well as having a positive impact on violence and safety on the estates, 80 per cent of residents who have worked in the service have transitioned into mainstream employment.

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## Harness the efforts of business, governments and communities to tackle youth unemployment

### **Recommendation 12**

Trial a collective impact approach to harness community-wide efforts to address youth unemployment in ten areas of socioeconomic disadvantage.

For decades, governments and community agencies have been striving to eradicate problematic social and economic issues, with limited success. Different approaches have been attempted to combine efforts to address problems, such as coordination, collaboration, partnerships and co-location.

A new and apparently successful model is emerging in Australia known as Collective Impact. Its underlying premise is that no single organisation or government can create large-scale, lasting social change alone. Collective Impact takes collaboration to the next level. It is a structured and rigorous approach that involves all sectors of the community signing up to a shared vision, a shared set of desired outcomes that will be transparently measured, and a commitment to deliver outcomes in their areas of influence in line with a shared plan of action.

Collective Impact is designed to overcome the challenges inherent in multiple layers of governance, conflicting priorities of funders, competition between agencies to attract funding, and a lack of data sharing. Unlike collaboration or partnership, Collective Impact initiatives revolve around core infrastructure to coordinate participating partners and hold them to account, track data and outcomes, and mobilise investment—including investment by government.

Collective Impact is being implemented in the United States and the United Kingdom and has made some significant differences in areas such as employment for public housing residents (Chicago), school retention (Philadelphia), housing (Calgary), job creation (Memphis), poverty reduction (Canada), and early years development and teenage pregnancy.

There is an opportunity to apply the learnings from international and local initiatives (such as the Local Solutions Better Futures initiative, the School Business Community Partnership Brokers program, Innovative Community Action Networks Program and structural adjustment programs) to establish Collective Impact trials in key youth unemployment hotspots. Philanthropic organisations such as the Ten20 Foundation are also interested in trialling this new approach. Implementing a Collective Impact approach would represent a new and different way of government working with the community and business sectors to jointly tackle youth unemployment.

### **What would a Collective Impact trial to address youth unemployment look like?**

The Brotherhood recommends that Collective Impact trials be conducted in ten communities in which youth unemployment is a critical issue needing urgent attention. It is important that government, agencies and businesses in those communities agree about the urgency of addressing high youth unemployment rates. Collectively they might be working towards:

- a reduction in youth unemployment

- an increase in labour force participation by young people
- an increase in school attainment and the achievement of post-secondary qualifications by young people
- a reduction in youth interaction with the criminal justice system.

The following five conditions are the foundation of a Collective Impact approach:

**A common agenda:** All participants have a shared vision for change, including a common understanding of the problem and a joint approach to solving it through agreed actions and concrete targets.

**Shared measurement:** Collecting data and measuring results consistently across all participants ensures efforts remain aligned and participants hold each other accountable.

**Mutually reinforcing activities:** Each participant commits to actions they will deliver as part of a combined approach. Participant activities must be differentiated while still being coordinated through a mutually-reinforcing plan of action.

**Continuous communication:** This is needed across the many players to build trust, assure mutual objectives, and appreciate common motivation.

**A backbone organisation:** Creating and managing collective impact requires a separate organisation(s) with staff and a specific set of skills to serve as the backbone for the entire initiative to coordinate participating organisations and agencies.

### Collective Impact approaches in the USA

The USA's Federal Budget for 2013 includes funding for Performance Partnership Pilots for Disconnected Youth to enable identified communities to access federal money to test collective impact approaches with this target group.

Philadelphia's Project U-Turn demonstrates the value of a comprehensive Collective Impact approach to supporting disadvantaged young people. Established in 2004, the initiative has evolved into a broad partnership involving schools, public agencies, employers, philanthropy, community-based organizations, parents, and young people. The Philadelphia Youth Network (a non-profit youth workforce development intermediary) provides backbone support and coordination.

Project U-Turn commissioned ground-breaking research that merged data from the child welfare, juvenile justice and education systems in order to understand the dimensions of the dropout crisis in Philadelphia and to craft strategies for resolving it. To date, the initiative has seen measurable progress across several of its key measures. For example:

- The high school graduation rate has increased 12 per cent since 2004.
- The number of quality programs for unemployed young people has increased. Previously there was one Accelerated School to transition early school leavers into college; there are now thirteen.

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**Recommendation 13**

Establish a Ministerial Taskforce on Youth Employment that reports to Cabinet, to drive a whole-of-government approach to boosting youth employment. The taskforce would be charged with the responsibility of developing and coordinating the delivery of a Youth Employment Action Plan, in consultation with business, unions and the community sector.

Issues impacting youth unemployment currently sit across a number of different portfolios, chiefly Treasury, Education, Employment, Industry, Small Business and Indigenous Affairs. While the government has identified that youth unemployment rates are unacceptably high, there is no overarching national strategy to connect disparate efforts.

The establishment of a time-limited Ministerial Taskforce on Youth Employment would bring relevant ministers together and provide an effective vehicle to drive a coordinated whole-of-government effort to boost youth employment. Such a taskforce could be charged with the responsibility of developing and coordinating delivery of a Youth Employment Action Plan involving key stakeholders such as business, unions, education and training providers and the community sector.

The taskforce would ensure that young people are front of mind in delivering the government's stated objective of creating one million jobs over the next five years, and two million over the next decade. It would report to Cabinet, to ensure youth employment receives the high level attention it so critically requires.

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- <sup>9</sup> Job Services Australia 2013 *Labour Market Assistance Outcomes*, Department of Employment, Canberra. This data reveals that of people assisted in the 12 months to September 2013, 42.2 per cent of all JSA clients obtained employment. Of these, 60 per cent were employed part-time (less than 34 hours per week). Of those who were helped to find employment, 58 per cent was casual, temporary or seasonal. A significant proportion who had some work wanted more work, and were seeking it.
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- <sup>12</sup> McLachlan, R., Gilfillan, G. and Gordon, J. 2013, *Deep and Persistent Disadvantage in Australia*, Productivity Commission Staff Working Paper, Canberra.
- <sup>13</sup> Commonwealth Government 2012, *Skills for all Australians report*, Commonwealth of Australia, Canberra.
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<sup>28</sup> Glover, S, Hinz, B & Ross, M 2014, *New approaches to persistent problems in Australian schools: Background paper No 01/2014* Mitchell Institute, Melbourne using ABS data from the *Schools Australia Catalogue No 4221.0* (2013) and the *Australian Social Trends Catalogue No. 4102.0* (2012).

<sup>29</sup> McLachlan, R., Gilfillan, G. and Gordon, J. 2013, *Deep and Persistent Disadvantage in Australia*, Productivity Commission Staff Working Paper, Canberra, citing 2012 ABS, *Education and work*, Cat. no. 6227.0 data. Analysis of the group of young people who were not fully engaged based on 2009 data showed that 47 per cent had not completed Year 12. See also Dandolo Partners 2012, *Second Interim Evaluation of the National Partnership on Youth Attainment and Transitions*, Melbourne.

<sup>30</sup> Developed by the Brotherhood in collaboration with the Melbourne Institute, the Social Exclusion Monitor measures social exclusion across a range of 29 indicators, including low income, unemployment, poor English and poor physical health. It shows that nearly 20 per cent of young people experience social exclusion, with 3.4 per cent experiencing deep social exclusion. Early school leavers experience deep social exclusion at two and a half times the rate of those who complete Year 12.

<sup>31</sup> McLachlan, R., Gilfillan, G. and Gordon, J. 2013, *Deep and Persistent Disadvantage in Australia*, Productivity Commission Staff Working Paper, Canberra.

<sup>32</sup> COAG Reform Council, 2013 *Education in Australia 2012: five years of performance* COAG.

<sup>33</sup> Glover, S, Hinz, B & Ross, M 2014, *New approaches to persistent problems in Australian schools: Forum report No 01/2014* Mitchell Institute, Melbourne.

<sup>34</sup> SCRGSP (Steering Committee for the Review of Government Service Provision) 2013, *Report on Government Services 2013*, Productivity Commission, Canberra.

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<sup>36</sup> For example, the Innovative Community Action Network in South Australia: ARTD Consultants 2013, *Innovative Community Action Networks: a sustainable evidenced-based approach for engaging young people in learning*.

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<sup>47</sup> Department of Education, Employment and Workplace Relations 2012, *Employment Pathways Fund evaluation*, Commonwealth of Australia, Canberra: Job seekers who attracted subsidies were 14 per cent less likely to be on income support 12 months later compared with those who moved into work without subsidies.

<sup>48</sup> Ibid: while 81 per cent of employers reported they originally intended to keep employees beyond the subsidy period, in practice only about 57 per cent did. In some cases, employees chose to move on; in others the employer indicated that the person was unsuitable to continue.

<sup>49</sup> Group Training Association of Victoria 2014, *Budget Statement 2014*, Carlton.